

Prepared Testimony of

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Introduction

Good morning, Chairman Stefano, Chair Boscola, and members of the Senate Consumer Protection and Professional Licensure Committee. I am Gladys Brown Dutrieuille, Chairman of the Pennsylvania Public Utility Commission (Commission or PUC), and I am happy to represent the PUC before you today.

I appreciate the opportunity to offer testimony today on behalf of the PUC as you begin the important process of considering the reauthorization of Chapter 14 of the Public Utility Code, 66 Pa. C.S. §§ 1401-1418, commonly referred to as the Responsible Utility Customer Protection Act.

This Chapter of the Public Utility Code includes key safeguards for Pennsylvania consumers related to public utility service. And, while I believe that Chapter 14 has been beneficial for the public, I also believe that there is room for improvement – especially based on the lessons we have learned over the past eight years, including the changing economic and financial landscape we now face in a post-pandemic world.

Overview of Chapter 14

Act 201 of 2004, the Responsible Utility Customer Protection Act, amended Title 66 of the Public Utility Code by establishing new provisions to help public utilities reduce uncollectible customer debt and contain costs. These new provisions applied to electric distribution utilities, water distribution utilities, and certain natural gas distribution utilities operating in Pennsylvania.

On Oct. 22, 2014, Governor Corbett signed into law Act 155 of 2014, effective on Dec. 22, 2014. The law reauthorized and amended Chapter 14 of the Public Utility Code for 10 years. Significant amendments to the law included:

- Prohibition on Friday terminations.
- In addition to physicians and nurse practitioners, medical certificates may also be filed by physician assistants.
- Customers with income between 151-250% of the Federal Poverty Income Guidelines (FPIG) get a three-year payback period for arrears when granted a payment arrangement by the Commission (payback period had been 2years).
- All security deposits may be paid in three installments.
- Application of Chapter 14 to wastewater, steam heat, and small gas public utilities (these entities had previously been exempted).
- Victims of domestic violence exempt from Chapter 14 requirements with either a protection from abuse order or a court order that provides clear evidence of domestic violence.
- Utilities must report to the Commission annually 1) the number of medical certificates and 2) accounts over \$10,000 arrears.
- The Commission must issue a report on the implementation and impact of Chapter 14 every five years.

At this time, Chapter 14 is scheduled to sunset on Dec. 31, 2024, unless renewed in its current form or amended and reimplemented as modified. Discussion about reauthorization – along with consideration of what a future version of Chapter 14 will look like – are the reason we are all gathered here today.

Chapter 14 – Lessons Learned

The Responsible Utility Customer Protection Act requires the PUC to collect information and submit reports to the Governor and the General Assembly every five years to evaluate implementation of the law. This evaluation must include an assessment of the law's effectiveness in reducing uncollectible debt levels while preserving access to utility services by residential customers, including low-income customers. The law also requires the Commission to assess the effect of the law on the level of informal consumer complaints and payment arrangement requests filed with and adjudicated by the Commission.

These reports and analysis have already laid the foundation for a discussion about the effectiveness of Chapter 14, and that includes one very large caveat: [the most recent PUC Chapter 14 report](#) was generated before Pennsylvania citizens and utilities were caught up in a multi-year pandemic, followed by a wave of economic uncertainty driven by global events – all of which continues to have an impact on our lives, our health, our finances, and our communities.

With that in mind, over the past year the Commission has engaged in a thorough internal analysis of Chapter 14 data by PUC staff, along with a vigorous discussion by an internal working group and the Commissioners. That process has identified a series of priorities and potential Chapter 14 statutory changes and clearly identified the need to reauthorize this statute.

Chapter 14 – Priority Considerations

Revisions for Payment Arrangements

The highest priority recommendation regarding Chapter 14 is revising the requirements for establishing PUC payment arrangements.

The last PUC Chapter 14 report, published in January 2020, recognized the need to amend the statute to allow the Commission to grant a second payment arrangement request for a customer after initial payment terms are not honored. In the current post-pandemic environment, as customers work to address arrearages that may have accumulated during the extended period of economic stress, this is even more important.

At its most basic level, our data indicated that a customer with arrears that is *not on a payment arrangement* is at the greatest risk for default and termination. A customer with arrears *on a payment arrangement* is more likely to keep the account active through monthly payments and is more likely to maintain payments to the public utility to maintain service. So, keeping the customer on a payment arrangement, paying toward the arrears, mitigates the risk of the customer being terminated.

Additionally, it is important to understand that uncollectible balances written off by the utility after a defined period burden other ratepayers when the offset uncollectible amount is written off and recovered in a later rate case. So, keeping the customer on a payment arrangement, paying toward the arrears, also prevents that financial burden from being shifted onto other utility customers in the future.

At its core, the Commission is seeking modifications related to payment arrangements (PARs), in an effort to grant more manageable and effective payment terms that will help keep those households connected to essential services, reduce or pay off arrearages, and prevent the financial burden of uncollectible bills being transferred to other utility customers.

These potential modifications related to PARs include:

- Giving the Commission the authority to set longer repayment terms than what is currently included in Section 1405(b), with definitions for those longer terms defined in the statute.
- Modifying the definition of “Change in income” (CII) in Section 1403, which allows for consideration of changes in the terms of a PAR, in situations where household income decreases or increases 10% or more, and elimination of the 300% FPIG standard in the definition for CII.
- Modifying the definition of “Significant change in circumstance” (SCIC) in Section 1403 to eliminate the 300% FPIG standard in the definition to allow residential customers undergoing temporary hardship (at all income levels) some level of relief.
- Providing the Commission with the authority under the statute to grant more than one PAR, with discussions to consider the definition for a “reasonable” number of additional payment arrangements – potentially including up to three Commission-granted PARs.

The Commission also recommends clarification related to the calculation of household income, specifying that income for minors, such as a minor’s SSI paid to an adult occupant, should be excluded from the calculation of household income.

Additionally, the Commission should be provided with the statutory discretion to extend the length of medical certificates. The existing language and process for medical certifications is burdensome on all parties in order to accommodate up to 90 days of protection. This language change would ease the burden on all parties by extending the length without further administrative maintenance.

High Balance Accounts

In a step toward keeping account arrearages from growing to unmanageable levels, the Commission recommends changes to the definition, utility reporting requirements and methods of addressing high past-due balances. These enhancements include:

- Lowering the threshold for identifying and reporting high balance accounts to the Commission – requiring utilities to investigate and report regularly on arrearages that exceed \$3,000 (reduced from the current \$10,000 reporting threshold).
- Requiring quarterly utility reports on high balances (rather than the current annual reports), as part of an effort to investigate and address these situations more quickly, curb the further accumulation of past-due amounts, and prevent spiraling high balances from further financially burdening other utility ratepayers.
- Adding a customer-outreach component to the monitoring and reporting of high past-due balances, directing utilities to reach out to customers with high arrearages to educate those consumers about available programs and options to help reduce their arrearages while maintaining service.

Energy Equity Study

The PUC is in a unique position to recognize the disadvantaged communities within our state that have historically faced limited access to fair and energy-efficient housing and transportation, experienced disproportionate impacts of pollution and development, and have a limited voice in the decision-making processes that guide future development.

Including a directive in the revised Chapter 14 for the Commission to initiate an Energy Equity Study will help advance this process by identifying equity targets, establishing metrics for public utility reporting requirements to the Commission, exploring best practices, and considering implementation strategies to help guide investment in infrastructure to these communities to prevent them from being further marginalized.

Closing

On behalf of the Commission, we view today's testimony as the beginning of a detailed conversation about the consumer protection components of Chapter 14 – and the recommendations offered today are an attempt to highlight key PUC concerns, rather than provide an exhaustive list. While this includes the Commission's preferences and priorities of changes to Chapter 14, we still recognize other items, including technical issues within the statute, and will continue to review those aspects. The Commission stands ready to follow up with the oversight committees with any further recommendations or suggestions regarding Chapter 14 amendatory language. We look forward to an ongoing dialog as we work to address other technical items included in the Chapter, and as members of the Committee and the General Assembly explore input from other concerned parties as this process moves forward.

Access to safe and affordable public utility service is a universal and wide-reaching concern. It touches on economics, health, public safety, the vibrance and viability of our communities, the environment, civil rights, and human rights. We must find a way to ensure that Pennsylvania households remain safe and connected to essential utility services, while also curbing the accumulation of large uncollectable past-due balances that may increase the cost of service for other utility customers and negatively impact their household economic circumstances.

I hope my testimony today has detailed the PUC's perspective and role regarding this important topic. The Commission is committed to working with the legislature and other stakeholders across the state to ensure the continuation of essential utility services to Pennsylvania's citizens, and we stand ready as a resource for any further legislative discussions about this topic.